

Message Text

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PAGE 01 TEHRAN 07977 01 OF 02 081028Z

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 8518

S E C R E T SECTION 1 OF 2 TEHRAN 7977

NODIS/CHEROKEE

FOR SECRETARY'S EYES ONLY

DEPARTMENT PLEASE PASS IMMEDIATELY

E.O.11652: XGDS-1

TAGS: PFOR, IR

SUBJ: SECRETARY'S AUDIENCE WITH SHAH

SET FORTH BELOW, TO BE SENT TO THE PRESIDENT, IS A PROPOSED DRAFT OF THE HIGHLIGHTS OF YOUR AUDIENCE WITH THE SHAH AS PER YOUR REQUEST: BEGIN TEXT (1) MY AUDIENCE WITH THE SHAH AFTER LUNCH AUGUST 6 AT HIS GUEST HOUSE IN NOWSHAHR ON THE CASPIAN SEA LASTED THE BETTER PART OF THREE HOURS. IT WAS FOLLOWED BY A PRESS CONFERENCE WHICH I ASKED THE SHAH TO CONDUCT FOR THE AMERICAN NEWSPAPERMEN TRAVELING WITH ME. THE AUDIENCE TOOK PLACE IN AN ATMOSPHERE OF WARMTH, CORDIALITY AND PRIVACY. (AMBASSADOR HELMS WAS THE ONLY OTHER INDIVIDUAL PRESENT.) THERE WERE NO INTERRUPTIONS SO THAT OUR DISCUSSION WAS FRANK AND INTENSIVE. THE SHAH PARTICULARLY ASKED ME TO CONVEY TO YOU HIS WARMEST REGARDS, AND HE SPOKE WITH OBVIOUS CONVICTION ABOUT HIS PERSONAL FEELING TOWARD YOU AND THE IMPORTANCE HE ATTACHES TO THIS RELATIONSHIP. (2) I TOOK THE OCCASION OF THE AUDIENCE TO COVER WITH THE SHAH CERTAIN OF THE POINTS I INTENDED TO MAKE THAT EVENING IN MY TOAST AT THE FORMAL DINNER GIVEN AT THE FOREIGN MINISTRY BY MINISTER OF ECONOMIC AFFAIRS AND FINANCE HUSHANG ANSARY. I WANTED TO BE SURE THAT NOTHING I WOULD SAY WOULD BE AN EMBARRASMENT TO IRAN. THE SHAH'S REACTION WAS POSITIVE. HE ENCOURAGED ME

SECRET

SECRET

PAGE 02 TEHRAN 07977 01 OF 02 081028Z

TO SPEAK OUT. I FELT THAT THE THRUST GIVEN IN THE PRESS TO THE

SENATE FOREIGN RELATIONS SUBCOMMITTEE REPORT ON ARMS SALES TO IRAN REQUIRED A PROMPT STATEMENT WHICH SET THE UNITED STATES/IRANINA RELATIONSHIP IN PROPER HISTORICAL AND CURRENT PERSPECTIVE, BELIEVING STRONGLY THAT WE CANNOT AFFORD TO PERMIT AN ATMOSPHERE OF AMBIVALENCE TO DEVELOP ABOUT AN ALLY WHO HAS BEEN AS CONSISTENTLY SUPPORTIVE OF US FOREIGN POLICY OVER THE YEARS AS HAS IRAN. (YOU HAVE THE TEXT OF MY TOAST AS FINALLY DELIVERED.)

(3) DURING THE AUDIENCE THE SHAH AGREED TO A FORMULATION ON THE ISSUE OF NUCLEAR REPROCESSING WHICH THE NEXT DAY WE HAMMERED OUT WITH AMERICAN AND IRANIAN EXPERTS INTO AN APPROACH WHICH I THINK WILL BE ADAPTABLE NOT ONLY TO IRAN BUT TO OTHER COUNTRIES WHO WISH TO BUY NUCLEAR REACTORS. RATHER THAN ATTEMPTING TO SET DOWN HERE THE DETAILS OF THIS FORMULATION I WOULD PREFER TO COVER THE WHOLE MATTER WITH YOU WHEN I RETURN TO WASHINGTON, BECAUSE I BELIEVE THAT YOU WILL BE INTERESTED IN THE POSSIBILITIES IT HOLDS FOR DEALING WITH KEY CONGRESSIONAL FIGURES LIKE SENATORS RIBICOFF, JAVITS, GLENN, PERCY, ETC. SIEVERING OF ERDA AND KRATZER OF STATE PARTICIPATED IN THE DISCUSSIONS AND WILL BE WORKING IN THE REMAINING DAYS OF THIS TRIP TO TRY TO REFINE WHAT WE HAVE IN MIND AND WHAT WE HOPE TO ACHIEVE. I WAS ENCOURAGED BY THIS ASPECT OF MY TEHRAN CONSULTATIONS.

(4) THE SHAH AND I DISCUSSED AT SOME LENGTH THE BEST TACTICS FOR HANDLING NOTIFICATION TO CONGRESS OF IRAN'S INTENTION TO PURCHASE THE F-16 AIRCRAFT. THE SHAH IS OBVIOUSLY ANXIOUS TO ACQUIRE SOME OF HIS 300 F-16S (160 PLUS OTHERS OVER TIME) AS SOON AS POSSIBLE SINCE HIS F-14S WILL LACK F-16 SUPPORT UNTIL DELIVERIES ARE MADE. THE SHAH UNDERLINED, AS HE HAS SO FREQUENTLY IN THE PAST, THAT HE WANTS TO KEEP HIS AIR FORCE SUPPLIED ENTIRELY WITH AMERICAN EQUIPMENT. HE MADE IT CLEAR THAT HE DOES NOT WANT TO INTRODUCE INTO HIS AIR FORCE AIRPLANES OF ANY OTHER NATION BUT HE SUBTLY POINTED OUT THAT THE RELUCTANCE OF THE UNITED STATES TO MAKE DELIVERIES WOULD OBLIGE HIM TO GO ELSEWHERE. HE NOTED THAT ISRAEL HAS OFFERED FOR SALE TO IRAN ALMOST ANY ISRAELI MILITARY EQUIPMENT IRAN WANTS. (WE KNOW THAT IRANIAN VICE MINISTER OF WAR, GENERAL TOUFANIAN, RECENTLY VISITED ISRAEL AND LOOKED OVER ITS ARSENAL.) THE SHAH ADDED THAT PRESIDENT GISCARD WOULD BE MAKING A STATE VISIT TO TEHRAN

SECRET

SECRET

PAGE 03 TEHRAN 07977 01 OF 02 081028Z

IN EARLY OCTOBER AND THAT HE HOPED THE F-16 QUESTION WILL HAVE BEEN DECIDED BY THAT TIME SINCE HE IS UNDER CONSTANT PRESSURE FROM THE FRENCH TO PURCHASE MIRAGES. I ASSURED THE SHAH THAT I WOULD DISCUSS THIS MATTER WITH YOU AND THAT WE WOULD MAKE THE DECISION AS TO WHEN TO PLACE THE F-16 PURCHASE BEFORE CONGRESS.

(5) THE SHAH RAISED WITH ME THE SAME QUESTIONS ABOUT ELECTRONIC COUNTERMEASURES THAT AMBASSADOR ZAHEDI HAD

EARLIER TAKEN UP WITH BRENT SCOWCROFT. I WENT OVER CARE-
FULLY THE PROBLEMS WE HAVE IN WASHINGTON WITH THE GENERAL
REQUEST THAT IRAN BE PUT ON THE SAME BASIS AS NATO. I
RECOMMENDED TO THE SHAH THAT RATHER THAN APPROACHING THE
PROBLEM IN THIS FASHION, HE ASK US FOR SPECIFIC ITEMS OF
ECM GEAR ARGUING HIS NEEDS AND REQUIREMENTS FOR EACH ONE.
I ASSURED HIM THAT WE WOULD GIVE SERIOUS CONSIDERATION TO
A FEW HIGH-PRIORITY ITEMS AT A TIME AND THAT THESE REQUESTS
SHOULD BE HANDLED SECURELY EITHER THROUGH AMBASSADOR HELMS
OR TO SCOWCROFT AND TO EAGLEBURGER AT THE DEPARTMENT. THE
FOLLOWING DAY I INFORMED GENERAL TOUFANIAN OF OUR WILLING-
NESS TO MAKE AVAILABLE ONE PARTICULAR ITEM THAT THE IRANIANS
DESIRED. SCOWCROFT'S MESSAGE ON THIS SUBJECT WAS MOST TIMELY
AND ENABLED ME TO SHOW THE IRANIANS THAT WE WERE ATTEMPTING
TO MOVE COOPERATIVELY ON THEIR REQUESTS IN THIS SENSITIVE
AREA.

(6) THE SHAH AND I DISCUSSED THE OIL BARTER NEGOTIATIONS

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PAGE 01 TEHRAN 07977 02 OF 02 081213Z

65

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 8519

S E C R E T SECTION 2 OF 2 TEHRAN 7977

NODIS/CHEROKEE

FOR SECRETARY'S EYES ONLY

DEPARTMENT PLEASE PASS IMMEDIATELY

BETWEEN IRAN AND VARIOUS AMERICAN WEAPONS MANUFACTURERS.
I POINTED OUT THE CONCERN FELT IN SOME QUARTERS OF WASHING-
TON THAT IRANINA PURCHASES OF VOTING STOCK IN AMERICAN OIL
COMPANIES MIGHT BE REGARDED AS UNDESIRABLE. THE SHAH
HASTENED TO ASSURE ME THAT HE DID NOT RPT NOT WANT ANY
STOCK IN ASHLAND OR THE NEW ENGLAND POWER COMPANY
(NEPCO), BOTH OF WHICH ARE INVOLVED WITH GENERAL

DYNAMICS AND LITTON IN THAT PARTICULAR NEGOTIATION. HE SAID THAT ASHLAND AND NEPCO HAD OFFERED STOCK BUT THAT IRAN WOULD NOT UNDER ANY CIRCUMSTANCES ACCEPT THE OFFER. ON THE OCCIDENTAL OIL COMPANY AGREEMENT WHICH HAS BEEN SO MUCH PUBLICIZED, THE SHAH INDICATED THAT THUS FAR THE DEAL IS NOT WORKING. IT APPEARS THAT OCCIDENTAL IS MAKING CERTAIN CONDITIONS WHICH THE IRANIANS ARE NOT PREPARED TO ACCEPT. THESE MATTERS ARE STILL IN THE EARLY STAGES OF NEGOTIATION AND THE DEAL IS IN NO SENSE FINALIZED. THE SHAH MADE THE ADDITIONAL POINT, HOWEVER, THAT THE UNITED STATES SHOULD MAKE UP ITS MIND TO WHAT EXTENT IT IS GOING TO PERMIT FOREIGN PURCHASES OF VOTING STOCK IN OIL COMPANIES. UNDER EXISTING CIRCUMSTANCES, HE COMMENTED, THERE ARE NO GUIDELINES. HE EMPHASIZED THAT IN SUCH MATTERS HE WOULD SCRUPULOUSLY ABIDE BY THE STATED WISHES OF THE UNITED STATES GOVERNMENT.

(7) ON THE QUESTION OF CIEC DELIBERATIONS, I WENT CAREFULLY OVER THE PROBLEMS WHICH WE FEEL THAT IRANIAN ATTITUDES ARE
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SECRET

PAGE 02 TEHRAN 07977 02 OF 02 081213Z

CAUSING IN THESE MEETINGS. THE SHAH LISTENED CAREFULLY AND INDICATED THAT HE WAS NOT AWARE THAT THE IRANIAN POSITION ON THE ISSUE OF RESCHEDULING DEBTS WAS CAUSING DIFFICULTIES. HE THEN LAUNCHED INTO A JUSTIFICATION OF OIL PRICES, A DETAILED PRESENTATION OF PRICE INCREASES ON MILITARY AND INDUSTRIAL EQUIPMENT IN THE UNITED STATES, AND HIS ABIDING DESIRE TO WORK OUT SOME KIND OF AN ARRANGEMENT WITH THE UNITED STATES WHICH WOULD PERMIT THE SPECIAL RELATIONSHIP BETWEEN THE TWO COUNTRIES TO FLOURISH IN AN ATMOSPHERE OF INFLATION AND CONTINUALLY RISING PRICES. HE SPOKE OF THE VARIOUS SUGGESTIONS HE HAS MADE SUCH AS INDEXATION, BARTER ARRANGEMENTS, BILATERAL OIL AGREEMENTS, AND SO FORTH. HE REPEATED AGAIN THAT THE PRESENT PRICE OF OIL HAS STILL NOT FORCED THE UNITED STATES TO GET SERIOUS ABOUT DEVELOPING ALTERNATIVE SOURCES OF ENERGY.

(8) I COVERED WITH THE SHAH THE PROPOSAL THAT I INTEND TO MAKE TO PRIME MINISTER BHUTTO ON THE PAKISTAN REPROCESSING PLANT ISSUE, I.E., THAT WE WILL PROVIDE A7 AIRCRAFT IN EXCHANGE FOR HIS WILLINGNESS TO DROP THE IDEA OF ACQUIRING THE PLANT FROM FRANCE. THE SHAH FELT THAT THIS WAS A GOOD PROPOSAL AND THAT BHUTTO WOULD BE WISE TO ACCEPT IT. HE POINTED OUT AGAIN HOW WEAK MILITARILY PAKISTAN IS AND HOW MUCH IT NEEDS HELP FROM THE UNITED STATES.

(9) I HAD AMPLE OPPORTUNITY TO COVER WITH THE SHAH OUR DETAILED VIEWS OF THE SITUATION IN THE MIDDLE EAST AND ON DEVELOPMENTS IN THE AREA INCLUDING THE SHIFTING ALIGNMENTS OF ARAB COUNTRIES. AS YOU WILL HAVE RECOGNIZED IN RECENT MONTHS, THE SHAH'S PERCEPTIONS ARE ALMOST IDENTICAL WITH OUR OWN. HE PARTICULARLY AGREES THAT SYRIA MUST NOT FAIL IN LEBANON, THAT THE PALESTINIANS MUST BE CUT DOWN TO SIZE, AND THAT EGYPTIAN POLICY MUST NOT BE PERMITTED TO SO WEAKEN

SYRIA THAT IT BRINGS ABOUT A "RADICAL CRESCENT" OF SYRIA AND IRAQ BACKED BY THE PLO AND THE LIBYANS. THE SHAH CONFIRMED THAT HE HAD HAD AN UNPUBLICIZED VISIT FROM PRIME MINISTER RABIN IN MID-JULY AND THAT RABIN HAD MADE IT CLEAR ISRAEL WAS NOT UNHAPPY ABOUT CURRENT DEVELOPMENTS IN LEBANON. THE SHAH AND I DISCUSSED THE VIABILITY OF A GENEVA CONFERENCE AND AGREED THAT WE HAD SIMILAR DIFFICULTIES IN VISUALIZING HOW ONE WULD CONDUCT SUCH A CONFERENCE AND WHAT PARTIES SHOULD PARTICIPATE AT LEAST IN THE INITIAL STAGES.

SECRET

SECRET

PAGE 03 TEHRAN 07977 02 OF 02 081213Z

(10) AFRICA CAME IN FOR DETAILED DISCUSSION. WE AGREED ON THE GENERAL APPROACH AND ON THE FACT THAT IT IS ONE AREA WHERE WE SHOULD BE ABLE TO FEND OFF SOVIET INFLUENCE SINCE THERE IS NO ISRAELI PROBLEM TO FRUSTRATE OUR RELATIONSHIP WITH FRIENDLY COUNTRIES AND TRIBAL ELEMENTS HOLDING WESTERN ALLEGIANCES. THE SHAH HAS AGREED TO RECEIVE RHODESIAN NATIONALIST LEADER JOSHUA NKOMO WHEN HE COMES TO IRAN IN A WEEK OR SO. HE WILL SEE WHAT HE CAN DO TO HELP HIM SINCE HE AGREES WITH US THAT NKOMO REPRESENTS A POLITICAL ELEMENT WHICH WE SHOULD SUPPORT. END OF TEXT.
HELMS

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